



**MINHO (M) BERHAD**  
(200930-H)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED  
31 DECEMBER 2017**

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**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current</u> <u>Year</u> <u>Quarter</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u>	<u>Current</u> <u>Year to</u> <u>date</u>	<u>Preceding</u> <u>Period</u> <u>Ended</u>
	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
<b>Continuing Operations:</b>				
<b>Revenue</b>	66,756	66,437	286,523	278,500
Cost of sales	(64,392)	(66,606)	(270,584)	(265,370)
Gross profit	2,364	(169)	15,939	13,130
Other operating income	2,270	2,410	7,543	9,671
Finance cost	(523)	(826)	(2,220)	(2,980)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	4,111	1,415	21,262	19,821
Income tax expense	(1,031)	1,073	(5,769)	(3,619)
<b>Profit for the period from continuing operations</b>	<b>3,079</b>	<b>2,488</b>	<b>15,492</b>	<b>16,202</b>
<b>Loss from discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>	<b>3,079</b>	<b>2,488</b>	<b>15,492</b>	<b>16,202</b>
<b>Other Comprehensive Income:</b>				
<b>Other Comprehensive Income net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>	<b>3,079</b>	<b>2,488</b>	<b>15,492</b>	<b>16,202</b>
<b>Net Profit/(loss) attributable to:</b>				
Owners of the Parent				
- income from continuing operations	2,283	1,552	12,062	12,816
- loss from discontinued operations				
Non-Controlling Interest	796	936	3,430	3,386
Profit for the period	3,079	2,488	15,492	16,202
Total comprehensive income attributable to:				
Owners of the Parent	2,283	1,552	12,062	12,816
Non-Controlling Interest	796	936	3,430	3,386
	3,079	2,488	15,492	16,202
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	1.04	0.71	5.49	5.83
Fully diluted EPS (in sen)	N/A	N/A	N/A	N/A

Note:-N/A – Not applicable

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As at 31/12/2017 RM'000</b>	<b>Audited As at 31/12/2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	187,565	203,218
Investment properties	79,294	56,294
Investment in associated company	0	0
Other Investment	725	725
	<b>267,584</b>	<b>260,237</b>
<b>Current Assets</b>		
Inventories	117,119	129,831
Property Development Cost	8,444	8,379
Trade receivables	39,768	45,110
Other receivables	6,667	6,698
Tax recoverable	1,116	0
Short-term investments	3,389	2,047
Derivative financial assets	1,127	-
Deposit with licensed banks	21,204	20,445
Cash and bank balances	11,910	13,033
	<b>210,744</b>	<b>225,543</b>
<b>TOTAL ASSETS</b>	<b>478,328</b>	<b>485,780</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owner of the parents</b>		
Share Capital	201,188	109,851
Share Capital-Excess from resale of treasury shares		
Share premium	0	91,337
Treasury share	0	0
Reserves attributable to revenue	0	0
Other reserves	122,042	122,041
Retained earnings-profit/(loss)	37,171	27,006
	<b>360,401</b>	<b>350,235</b>
<b>Non-Controlling Interest</b>	<b>35,939</b>	<b>33,361</b>
<b>Total Equity</b>	<b>396,340</b>	<b>383,596</b>
<b>Non-current liabilities</b>		
Deferred Taxation	11,042	10,880
Hire Purchase obligations	2,375	2,822
Bank borrowings	3,397	4,800
	<b>16,814</b>	<b>18,502</b>
<b>Current Liabilities</b>		
Trade payables	12,271	14,511
Other payables	16,199	14,131
Provision for liabilities	2,073	2,073
Hire purchase obligations	1,324	1,099
Bank borrowings	32,357	51,252
Derivative financial liabilities	0	260
Tax Payable	950	356
	<b>65,174</b>	<b>83,682</b>
<b>Total Liabilities</b>	<b>81,988</b>	<b>102,184</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>478,328</b>	<b>485,780</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<b>1.64</b>	<b>1.59</b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)



**MINHO (M) BERHAD** (200930 – H)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.**

	← Attributable to equity holders of the company →										
	Share Capital	Share Capital-Excess from resale of	← Non-distributable →				Distributable		Total	Non-Controlling Interest	Total Equity
			Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Losses)			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Period ended 31 December 2017</b>											
<b>Balance as at 01.01.2017</b>	109,851		91,337	-	13,464	108,577		27,006	350,235	33,361	383,596
Total comprehensive income for the period						-		12,062	12,062	3,430	15,492
Reclassification pursuant to S618(2) of CA2016 (Note 1)*	91,337		(91,337)					-	-	-	-
Proposed dividend								(1,647)	(1,647)		(1,647)
Effect of change in stake								(249)	(249)	249	
Dividend distributed to Non-Controlling Interest									-	(1,101)	(1,101)
<b>Balance as at 31.12.2017</b>	<b>201,188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,464</b>	<b>108,577</b>	<b>-</b>	<b>37,172</b>	<b>360,401</b>	<b>35,939</b>	<b>396,340</b>
<b>Period ended 31 December 2016</b>											
<b>Balance as at 01.01.2016</b>	109,851		92,431	(1,353)	13,464	108,577		14,365	337,335	31,326	368,661
Total comprehensive income for the period								12,816	12,816	3,386	16,202
Excess from resale of treasury shares			98	161					259	-	259
Distribution of Special Share Dividend			(243)	1,192				(1,192)	(243)	-	(243)
Expenses incurred of corporate exercise									-	-	-
Dividend distributed to Non-Controlling Interest									-	(1,352)	(1,352)
<b>Balance as at 31.12.2016</b>	<b>109,851</b>	<b>-</b>	<b>92,286</b>	<b>-</b>	<b>13,464</b>	<b>108,577</b>	<b>-</b>	<b>25,989</b>	<b>350,167</b>	<b>33,360</b>	<b>383,527</b>

**Note 1:**

The new Companies Act 2016 ("CA 2016"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the CA 2016. There is no impact on the numbers of ordinary shares on issue or the relative entitlement of any of the members as a result of this transition.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT.**

	<b>Cumulative Period</b>	
	<b>Current Year to date 31/12/2017 RM'000</b>	<b>Preceding Period Ended 31/12/2016 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(Loss) before taxation</b>	21,262	19,821
Adjustments for :		
Depreciation, amortisation and impairment losses	7,753	7,328
Interest income	(764)	(385)
Interest expenses	2,220	2,980
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	37	82
Write back of provision for doubtful debts	-	(368)
Write down of inventories	77	718
Write back of stock value	-	(241)
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(214)	(229)
Asset written off	1	1
Operating profit before changes in working capital	30,372	29,707
Net change in current assets	18,020	(22,702)
Net change in current liabilities	(172)	(338)
Cash flow from operation	48,220	6,667
Taxes paid	(6,378)	(7,649)
Taxes refunded	391	778
<b>Net Cash Flows From Operating Activities</b>	<b>42,233</b>	<b>(204)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of PPE and investment property	(9,235)	(2,161)
Purchase of freehold land	(5,013)	(11,763)
Purchased freehold land for property development		
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary company	(5,300)	(200)
Proceeds from sale of non-current assets	215	1,232
Proceed from insurance claims	-	528
Increase/(Decrease) in deposit with licensed bank &	583	(4,732)
short term investment		
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	101	184
<b>Net Cash Used in Investing Activities</b>	<b>(18,649)</b>	<b>(16,912)</b>
<b>Cash Flows From Financing Activities:</b>		
Issue of ordinary shares	-	-
Excess from Sales of treasury shares	-	98
Bank borrowings and other liabilities (Net)	(21,535)	12,510
Repayment of hire purchase obligations	(1,458)	(1,246)
Dividends paid to non-controlling interest in subsidiary company	(1,101)	(1,352)
<b>Net Cash Flows From Financing Activities</b>	<b>(24,094)</b>	<b>10,010</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(510)</b>	<b>(7,106)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>35,525</b>	<b>43,778</b>
<b>Effects of changes in foreign exchange rates</b>	<b>1,488</b>	<b>(1,147)</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>36,503</b>	<b>35,525</b>
<b>Cash and cash equivalent comprise the following:-</b>		
Bank and cash balances	11,910	13,033
Short-term investments and Deposit with license bank	24,593	22,492
	<b>36,503</b>	<b>35,525</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

**PART A – EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL STATEMENT.****1. Basis of preparation and Accounting Policies.**

The interim financial statements are unaudited and has been prepared in accordance with the reporting requirements outlined in Financial Reporting Standards ("FRS") 134: "Interim Financial Reporting" and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa) Main Market Listing Requirements.

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016. It contains unaudited condensed consolidated financial statements and selected explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016. The condensed consolidated interim financial report and notes thereon do not include all of the information requires for a full set of financial statements prepared in accordance with Financial Reporting Standards (FRSs).

**1.1. Significant Accounting Policies**

The significant accounting policies and method of computation adopted by the Group are consistent with those of the audited financial statements for the financial year ended 31 December 2016, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations by the Group. The significant accounting policies adopted in the preparation of this interim financial report are consistent with those in the audited financial statements for the year ended 31 December 2016.

The following new and amended FRSs and IC Interpretations mandatory for annual financial periods:-

**(i) Effective for annual periods beginning on or after 1 January 2017**

- Amendments to FRS 12, Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to FRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

**(ii) Effective for annual periods beginning on or after 1 January 2018**

- FRS 9, Financial Instruments (2014)
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4, Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 140, Investment Property – Transfers of Investment Property

**(iii) Effective date yet to be determined**



**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

- Amendments to FRS 10, Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the abovementioned accounting standards, amendments and interpretations to existing standards, where applicable, are not expected to have any material impacts to the financial statements of the Group and of the Company except as follows:

**FRS 9 - Financial Instruments**

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

**1.2. Malaysian Financial Reporting Standards.**

In November 2011, MASB published the Malaysian Financial Reporting Standards ('MFRS') Framework applicable to all non-private entities with effect from 1 January 2012, with the exception of entities that are within the scope of MFRS 141 'Agriculture' and IC Interpretation 15 'Agreement for the Construction of Real Estate', including their parents, significant investors and ventures' (herein referred as "Transitioning Entities").

On 8 September 2015, MASB issued a statement confirming that the effective date of MFRS 15-Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018, following the press release by the International Accounting Standards Board (IASB) confirming a one-year deferral of IFRS 15. As a result, the effective date for Transitioning Entities (TEs) to apply the Malaysian Financial Reporting Standards (MFRSs) will also be deferred to annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities (TEs) and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

**2. Auditors' Report On Preceding Annual Financial Statements**

The auditors' report of the audited financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

**3. Seasonal or Cyclical Factors**

The business operations of the Group are generally affected negatively by the monsoon seasons and the major festive seasons namely Hari Raya Aidilfitri and Chinese New Year holidays. Such occasions not only undoubtedly limit our ability to undertake certain operational activities at our end; they do also, by and large, curtail demand from our customers, who are themselves also negatively impacted by these factors.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows.

**5. Changes In Estimates of Amounts Reported Previously**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years which may have a material effect on the current interim period.

**6. Issuances and Repayments of Debt and Equity Securities**

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Company for the financial period ended 31 December 2017.

**7. Dividends Paid**

There were dividends declared and paid by the Company for the financial period ended 31 December 2017. Single-tier dividend of RM0.0075 per ordinary share were declared on 8 January 2018 and paid on 12 February 2018.

**8. Segment Information**

The Group's segment information for the financial period ended 31 December 2017 is as follows:-

	<b>Timber Extraction RM'000</b>	<b>Timber Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Services &amp; Treatment RM'000</b>	<b>Property Development RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>2017</b>								
<b>Revenue</b>								
<i>External Sales</i>	1,904	143,548	108,581	32,350	-	140		<b>286,523</b>
<i>Inter segmental sales</i>	-	5,642	2,965	8,611	-	-		17,218
<b>Total Revenue</b>	<b>1,904</b>	<b>149,190</b>	<b>111,546</b>	<b>40,961</b>	<b>-</b>	<b>140</b>		<b>303,741</b>
Segments Profits	541	4,456	7,161	8,210	(2)	4,714	(3,818)	<b>21,262</b>
Depreciation	57	1,748	3,359	2,575	0	13		7,752
Rental income of land and buildings	-	39	3,424	1,212	87	-	(472)	4,290
Net foreign exchange	-	(1,736)	248	-	-	-		(1,488)
Gain/(loss) on disposal of property, plant and equipment	-	111	103	-	-	-		214
Finance cost	-	529	1,429	381	126	-	(245)	2,220
Interest Income	-	10	496	8	102	391		1,007
Tax Expenses	-	494	2,463	2,370	0	442		<b>5,769</b>
Segments Assets	3,771	78,880	215,627	155,865	12,862	12,075	(1,477)	477,603
Other Investment						725		725
<b>Total Segments Assets</b>								<b>478,328</b>
Segment Liabilities	3,128	21,817	37,996	14,654	2,253	2,140		<b>81,988</b>



**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

	<b>Timber Extraction RM'000</b>	<b>Timber Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Services &amp; Treatment RM'000</b>	<b>Property Development RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>2016</b>								
<b>Revenue</b>								
<i>External Sales</i>	2,867	142,302	98,364	27,588	7,206	173		278,500
<i>Inter segmental sales</i>	-	4,293	5,847	9,258	-	-		19,398
<b>Total Revenue</b>	<b>2,867</b>	<b>146,595</b>	<b>104,211</b>	<b>36,846</b>	<b>7,206</b>	<b>173</b>	<b>-</b>	<b>297,898</b>
Segments Profits/(Loss) Before Tax	2,200	4,431	5,648	7,838	1,659	(40)	(1,915)	19,821
Depreciation	(52)	(1,482)	(3,209)	(2,570)	-	(15)		(7,328)
Rental income of land and buildings	-	32	3,896	1,194	-	144	(462)	4,804
Net foreign exchange	-	848	299	-	-	-		1,147
Gain/(loss) on disposal of property, plant and equipment	-	-	34	(4)	-	199		229
Finance cost	-	(1,120)	(1,002)	(695)	(163)	-	-	(2,980)
Interest Income	-	19	183	10	37	136	-	385
Tax Expenses	-	(954)	(1,109)	(1,054)	(406)	(96)		(3,619)
Segments Assets	4,889	90,994	213,210	153,545	14,998	9,521	-	487,157
Other Investment						725		725
<b>Total Segments Assets</b>								<b>487,882</b>
Segment Liabilities	3,527	35,163	43,381	17,451	4,374	458	-	<b>104,354</b>

**9. Property, Plant, and Equipment.**

## Carrying Amount of Revalued Assets

The valuations of property, plant, and equipment have been brought forward without amendment from the financial statements for year ended 31 December 2016.

**10. Material events Subsequent to the End of the Interim Reporting Period**

There are no material events subsequent to the financial period ended 31 December 2017 that have not been reflected in the related financial statements.

**11. Changes in the Composition of the Group**

There were no material changes in the composition of the Group during the financial period ended 31 December 2017.

**12. Contingent Liabilities – Unsecured**

As at 31 December 2017, the Company had contingent liabilities in the form of corporate guarantees given to financial institutions in respect of facilities granted to subsidiary companies amounting to RM118,424,576.71, of which an amount of RM35,561,099.00 were utilized.

**13. Capital Commitments**

There are no material capital commitments as at the date of this announcement.


**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

**14. Related Party Transactions.**

The summary of related party transactions for current quarter and cumulative period to date is as follows:-

Related Party	Nature of Recurrent Transaction(s)	Recurrent Transaction with Minho or Subsidiary Company	Frequency of Transaction	Total Value (Transaction For The Year 01/01/2017 to 31/12/2017 (RM ' 000))		Balance of the approved amount as at 31/12/2017 (RM ' 000)		Balance due to / from the companies 31/12/2017 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		2,186		13,857		-
Minho Kilning (Klang) Sdn Bhd ("MKK")	<sup>(i)</sup> Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") <sup>(i)</sup>	Monthly		2,627		4,021		717
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		27		793		27
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	2,751		2,659		99	
	Purchase of logs.	LTI	Monthly		5,011		3,552		
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		20		20,000		20
MTI	<sup>(a)</sup> Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		7,227		14,563		30
MTI	<sup>(b)</sup> Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		436		1,849		-
MTI	<sup>(c)</sup> Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		1,322		3,240		-
MTI	<sup>(d)</sup> Purchase of timber.	Victory Enterprise Sdn Bhd ("VESB")	Monthly		47		753		47
Lucky Star Diversified Sdn Bhd ("LSDSB")	Sales of sawn timber	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	1,067		8,000		157	
<b>Total</b>				<b>3,818</b>	<b>18,903</b>	<b>10,659</b>	<b>62,628</b>	<b>256</b>	<b>841</b>

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(The figures have not been audited)

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS****15. Review of Performance of the Company and its Principal Subsidiaries**

	<b>3 MONTHS ENDED</b>		<b>12 MONTHS ENDED YEAR-TO-DATE ENDED</b>	
	<b>Q4 2017</b>	<b>Q4 2016</b>	<b>Q4 2017</b>	<b>Q4 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Revenue</b>				
Timber Extraction	866	-	1,904	2,867
Timber Trading	29,155	32,111	143,548	142,302
Manufacturing	27,220	23,770	108,581	98,364
Services & Treatment	9,473	7,201	32,350	27,588
Property Development	-	3,300	-	7,206
Others	42	55	140	173
	<u>66,756</u>	<u>66,437</u>	<u>286,523</u>	<u>278,500</u>
<b>Segment Profit</b>				
Timber Extraction	267	355	541	2,200
Timber Trading	627	(511)	4,456	4,431
Manufacturing	796	721	7,161	5,648
Services & Treatment	2,384	2,169	8,210	7,838
Property Development	(3)	509	(2)	1,659
Others	(95)	87	4,714	(40)
	<u>3,976</u>	<u>3,330</u>	<u>25,080</u>	<u>21,736</u>
Elimination	135	(1,915)	(3,818)	(1,915)
Profit before taxation	<u>4,111</u>	<u>1,415</u>	<u>21,262</u>	<u>19,821</u>
Taxation	(1,031)	1,073	(5,769)	(3,619)
Profit after taxation	<u>3,080</u>	<u>2,488</u>	<u>15,493</u>	<u>16,202</u>
Non-controlling interest	(796)	(936)	(3,430)	(3,386)
Net profit for the year	<u>2,284</u>	<u>1,552</u>	<u>12,063</u>	<u>12,816</u>

**(a) Three months period Q4 2017.**

For the current quarter, the Group registered revenue of RM66.76 million, RM319 thousand higher than RM66.44 million for Q4 2016. This improvement was mainly attributed to the RM866 thousand increase in the turnover for Timber Extraction segment, RM3.45 million for Manufacturing segment and also the increase of RM2.27 million in the Services & Treatment segment. This was offset by the total decrease of RM6.26 million in the turnover for Timber Trading segment and Property Development segment.

The group's pre-tax profit increased by RM2.70 million, i.e. from RM1.42 million to RM4.11 million. Most of the Group's market segments recorded higher pre-tax profit. The Timber Trading, Manufacturing and Services & Treatment segments combined increase of RM1.43 million in the pre-tax profit was reduced by Timber Extraction, Property Development and Others segments which recorded total decrease of RM782 thousand in pre-tax profit.

**(b) Year to date.**

The Group disclosed total revenue of RM286.52 million for the twelve-month period of 2017, more than RM278.50 million for 2016. The Timber Trading, Manufacturing and Services & Treatment segments total combined increase of RM16.23 in their turnover were partially offset by the total combined decline of RM8.20 million in the turnover for the Timber Extraction, Property Development and Others segments.

In line with the increase in turnover, the group's pre-tax profit improved by RM3.34 million mainly due to the increase in pre-tax profit of RM1.51 million for Manufacturing segment, RM372 thousand for Services & Treatment and RM4.75 million for Others segment.

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**Timber Extraction**

A smaller area of 508 acres logged was carried out in the current quarter of 2017 compared to 765 acres logged in the previous corresponding quarter. In line with smaller area logged, revenue declined by RM963 thousand and similarly, pre-tax profit also declined by RM1.66 million.

**Timber Trading**

The turnover for this segment improved by RM1.25 million due to improvement in demand from USA and some of the E.U. nations. The volume of export grade treated rough sawn timber improved with the slight improvement in the average selling price. In line with the higher turnover, the pre-tax profit for this segment increased by RM25 thousand from a pre-tax profit of RM4.43 million in the previous corresponding quarter to RM4.46 million for the current quarter. This was mainly due to the higher in selling price of rough sawn timber and unrealized foreign exchange gain.

**Manufacturing**

Total turnover for this segment grew by RM10.22 million attributed to the improvement in the turnover for the manufacturing of timber and wood-based products and industrial paper bags which increased by RM9.38 and RM838 thousand respectively. Pre-tax profit for this market segment improved by RM1.51 million or 27%; from RM5.65 million in the previous corresponding quarter to RM7.16 million for the current quarter. The improvement in pre-tax profit was mainly attributed to higher profit registered by the manufacturing of industrial paper bags which increased by RM1.07 million, the result of higher profit margin. For the manufacturing of timber and wood-based products, the profit improved very slightly, owing to the increase in operating cost resulting from the higher cost of raw material consumed and the increase in finance cost.

**Services & Treatment**

The volume of incoming timber for kiln drying increased and the service charges rates also increased by 3% that resulted in the improvement of RM4.76 million in the gross turnover for this market segment. In line with the improvement in turnover, the pre-tax profit for this segment increased slightly, i.e. by RM372 thousand due to the increase in operation cost especially for the chemical for preservative treatment, fuel and electricity.

**Property Development**

No revenue was registered for the current quarter compared to RM7.21 million previously. It reported a pre-tax loss of RM2 thousand, compared to a pre-tax profit of RM1.66 million previously.

**16. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter**

Market Segments	Revenue		Segment Profit	
	Q4 2017 RM'000	Q3 2017 RM'000	Q4 2017 RM'000	Q3 2017 RM'000
Timber Extraction	866	250	267	164
Timber Trading	29,155	33,690	627	664
Manufacturing	27,220	28,238	796	1,676
Services & Treatment	9,473	8,555	2,384	2,444
Property Development	-	-	(3)	51
Others	42	32	(95)	4,875
	<b>66,756</b>	<b>70,765</b>	<b>3,976</b>	<b>9,874</b>
Elimination			135	(4,179)
<b>Profit before taxation</b>			<b>4,111</b>	<b>5,695</b>
Taxation			(1,031)	(1,680)
<b>Profit after taxation</b>			<b>3,080</b>	<b>4,015</b>
Non-controlling interest			(796)	(659)
<b>Net profit for the year</b>			<b>2,284</b>	<b>3,356</b>

The Group's turnover for the current quarter under review was RM66.76 million, which was RM4.01 million or 6% less than the RM70.77 million registered in the preceding quarter. The Timber Trading and Manufacturing segments recorded a lower turnover except for the Timber Extraction, Services & Treatment and others segments. The Timber Trading and Manufacturing recorded combined decline of RM5.55 million

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(The figures have not been audited)

in their turnover. The combined increase of RM1.54 million recorded by the Manufacturing, Services & Treatment and others segments partially offset this.

In line with lower turnover, the Group posted a lower pre-tax profit of RM4.11 million for the current quarter against the preceding quarter figure of RM5.70 million.

**17. Prospects for Current Financial Year**

The International Monetary Fund (“IMF”) in their latest publication of World Economic Outlook October 2017 projected that the global upswing in economic activity is strengthening. Global growth is projected to rise 3.6 percent in 2017 and 3.7 percent in 2018. Growth is projected to rise over this year and next year in emerging market and developing economies, supported by improved external factors—a benign global financial environment and a recovery in some advanced economies. The 2017 growth pickup is broadly based, with stronger activity in the United States and Canada, the euro zone and Japan. Prospects for medium-term growth are more subdued, however, as negative output gaps shrink and demographic and weak productivity will have a negative impact on potential growth. Overall, World Economic Outlook is generally positive but modest, with some meaningful changes for specific country groups and individual countries.

In view of the above, the Group will continue its efforts to strengthen the cost control strategies to mitigate the rising cost so as to maximize the Group’s profits. For the Services & Treatment segment, to deal with the increase in transportation, fuel, machinery maintenance and labor cost, the Timber Kilning Association of Selangor has issued a circular to all members and the customers that new revised kiln drying and bundling charges are effective from 1 June 2017. For the manufacturing of industrial paper bags segment, the company plan to replace some old machinery with new more efficient machinery to improve the production capacity. Meanwhile, for the Property Development segment, the company is in the final stage of preparing the submission to relevant regulatory bodies for Development Approval to develop one (1) block of sixteen (16) storey building consisting of 82 units of condominium on Lot 1698, Mukim Kapar, Daerah Klang, Selangor. The Timber Trading segment still have outstanding orders for 6,386 tons of treated rough sawn timber worth RM31 million to be fulfilled in the first quarter of 2018.

**18. Variance of Actual Profit from Forecast Profit**

The disclosure requirements for explanatory notes on the variation of actual profit after tax and profit forecast and shortfall in profit guarantee are not applicable.

**19. Taxation**

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM’000	RM’000	RM’000	RM’000
Current taxation	926	1,678	5,664	6,387
(Over)/Under provision in respect of prior years	-	(428)	-	(445)
Foreign Taxation		-		-
Deferred Taxation	105	(2,323)	105	(2,323)
	<u>1,031</u>	<u>(1,073)</u>	<u>5,769</u>	<u>3,619</u>
Our share of results of associated companies	-	-	-	-
	<u>1,031</u>	<u>(1,073)</u>	<u>5,769</u>	<u>3,619</u>

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The effective tax rates for the periods presented above are higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and also to certain expenses which are not deductible for tax purposes.

**20. Disposal of Unquoted Investments and Properties**

There were no disposals of investments and/or properties for the financial period under review.

**21. Quoted Securities**

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 31 December 2017.

**22. Status of Corporate Proposals**

On 28 April 2016, the Company announced its intention to implement the following Proposals:

- (i) a share split involving the subdivision of every one (1) of the Company's existing ordinary share of RM1.00 each into two (2) new ordinary shares of RM0.50 each ("Subdivided Share" or "Minho Share" or "Share") ("**Proposed Share Split**");
- (ii) an issuance of up to 109,851,000 warrants ("Warrants") on the basis of one (1) Warrant for every two (2) Subdivided Shares, after the completion of the Proposed Share Split ("**Proposed Free Warrants Issue**");
- (iii) a private placement of up to ten percent (10%) of the Company's enlarged issued and paid-up share capital after the Proposed Share Split and Proposed Free Warrants Issue ("**Proposed Private Placement**"); and
- (iv) amendments to the Company's Memorandum and Articles of Association in order to facilitate the Proposed Share Split ("**Proposed Amendments**").

The Company further announced that the application in relation to the Proposed Share Split as well as the additional listing application for the Proposed Free Warrants Issue and Proposed Private Placement has been submitted to Bursa Securities on 29 April 2016. On 30 May 2016, the Company announced that Bursa Securities had approved the Proposed Share Split, the Proposed Free Warrants Issue and Proposed Private Placement.

The Proposed Share Split, the Proposed Free Warrants Issue, Proposed Private Placement and Proposed Amendments were approved by the shareholders at the Extraordinary General Meeting that was convened on 12 July 2016 at Bilik Petaling, Kelab Shah Alam, Shah Alam, Selangor.

On 29 July 2016, the Company announced the completion of the Proposed Share Split and as at 5.00 pm on 29 July 2016 ("Entitlement Date"), 109,851,000 ordinary shares of RM1.00 each in the Company have been subdivided into 219,702,000 ordinary shares of RM0.50 each. The Subdivided Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 1 August 2016.

On 8 August 2016, the Company announced the completion of Proposed Free Warrants issue and the Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 8 August 2016.

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(The figures have not been audited)

Other than the above, the Proposed Private Placement has not been completed as at 20 February 2017. On 24 November 2016, the Company announced that Bursa Malaysia Securities Berhad had, vide its letter dated 24 November 2016, resolved to grant the Company an extension of time of six (6) months until 25 May 2017. The company announced on 25 May 2017, that the deadline for the Company to implement the Private Placement has lapsed and the Company does not wish to seek further extension of time for the Private Placement. No shares have been issued or placed out by the Company pursuant to the Private Placement.

**23. Group Borrowings**

Total Group borrowings as at 31 December 2017 were as follows:-

	As at 4th. Quarter ended 31 December 2017		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
<b>Secured</b>			
Property Loan	1,909		1,909
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		33,652	33,652
<b>Unsecured</b>			0
	As at 4th. Quarter ended 31 December 2016		
<b>Secured</b>			
Property Loan	5,047		5,047
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		51,004	51,004
<b>Unsecured</b>			0

**24. Off Balance Sheet Financial Instruments**

There are no material financial instruments with off balance sheet risk as at the date of this report.

**25. Material Litigation**

As at 20 February 2018, the latest practicable date that is not earlier than 7 days from the issue of this quarterly report, the Group is not engaged in any material litigation.

**26. Dividend**

No dividend has been recommended by the Board for the period ended 31 December 2017 (2016: Nil).

**27. Profit/(Loss) From Operations**

The following items have been charged/ (credited) in arriving at profit/ (loss) from operations:

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	189	126	764	385
(b). Investment income	(9)	51	101	184
(c). Rental Income	919	1,196	4,291	4,804
(d). Interest expenses	(523)	(826)	(2,220)	(2,980)
(e). Depreciation & Amortisation	(2,209)	(1,835)	(7,753)	(7,328)
(f). Gain/(loss) on disposal of property, plant & equipment	11	228	215	229
(g). Property, plant & equipment written off	-	-	1	(1)
(h). Inventories write-down	(77)	(120)	(77)	(477)
(i). Provision for and write-off of receivables	(37)	(77)	(37)	(82)
(j). Provision for receivables write-back.	-	368	-	368
(k). Net foreign exchange gain/(loss)	775	(272)	1,488	1,147

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(The figures have not been audited)

**28. Earning/ (Loss) Per Share**

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding	Current Year to date	Preceding Period Ended
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	2,283	1,552	12,062	12,816
Weighted average number of ordinary shares ('000)	219,702	219,702	219,702	219,702
<b>Basic earnings/(loss) per share (sen)</b>	<b>1.04</b>	<b>0.71</b>	<b>5.49</b>	<b>5.83</b>

(b) Diluted earnings per share

Not applicable

**29. Realised and Unrealised Profit/Loss Disclosures**

	<b>As at 31/12/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
Total retained Profit /(Losses) of Minho (M) Berhad and its subsidiaries:		
- Realised	37,255	28,772
- Unrealised	<u>(84)</u>	<u>(1,591)</u>
	37,171	27,181
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
<b>Total group retained profit/( losses) as per consolidated accounts</b>	<b><u>37,171</u></b>	<b><u>27,181</u></b>

**30. Authorisation for issue**

This interim financial information has been approved for issue in accordance with a resolution of the Board of Directors dated 27 February 2018.

**By order of the Board**

Klang, Selangor Darul Ehsan.

Dated: 27 February 2018.